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SUBJECT: AFRICAN EMBASSIES PREVIEW CHINA-AFRICA FORUM ""

REF: (A) BEIJING 288 (B) BEIJING 955

Classified By: Classified by Economic Minister Counselor William Weinst
ein. Reasons 1.4 (b) and (d).

11. (C) Summary. Egyptian and South African diplomats in Beijing believe the Forum on China-Africa Cooperation (FOCAC) offers a good platform for cooperation with China, but would be more useful if African countries did a better job of coordinating among themselves. Chinese investments have been slow to materialize due to red tape generated by both Chinese and African governments. The diplomats confirmed that the fourth FOCAC has been scheduled for November 8-9 in the Egyptian resort of Sharm el-Sheikh. African ambassadors and the Chinese FOCAC secretariat are scheduled to meet in Beijing the week of August 17 to work on the agenda and next FOCAC action plan. At this meeting, the Chinese side is also expected to go over accomplishments since the 2006 FOCAC summit, in particular, China's progress in honoring the eight major commitments it made there.

FOCAC

12. (U) Established in 2000, the Forum on China-Africa Cooperation is the principal platform for collaboration between China and African countries in the spirit of "South-South cooperation." The Forum includes all African countries that officially recognize the PRC. Since 2000, conferences have been held every three years, alternating between Beijing and Africa.

2009 FOCAC Schedule Set

13. (U) The 2009 forum will kick off on November 8 in Sharm el Shiekh and conclude the following day. Preparatory meetings will commence on November 6. A parallel business forum organized by the African Chamber of Commerce and the China Council for the Promotion of International Trade will be held November 7-8. It will include 400 businessmen from China and over 1000 from Africa.

High-Level Attendance

14. (SBU) Unlike the 2006 FOCAC in Beijing, which was held at the presidential level, the 2009 forum will be held at the ministerial level. It will be inaugurated by Egyptian President Mubarak and, most likely, by Premier Wen Jiabao on the Chinese side. In addition to the foreign ministers

representing participating countries, one president from each of the four regions of Africa will attend, as will Libyan leader Muammar Qaddafi, the current president of the African Union.

Prep Meetings in Beijing

¶15. (U) The Council of African Ambassadors will meet with the Secretariat of the Chinese FOCAC Follow-up Committee (REF B) on August 20 to discuss the agenda and other arrangements for the upcoming forum, including the two main official documents that will be released at the meeting: the declaration and the plan of action for the next three years. African countries have been asked to submit proposals for the plan of action. At the August 20 meeting, the Chinese side is also expected to present a progress report on the list of commitments it made at the 2006 FOCAC.

China,s 2006 Commitments

¶16. (U) At the 2006 FOCAC, President Hu Jintao made eight major commitments that have underpinned Sino-African cooperation over the last three years: 1) Double China's 2006 economic assistance to Africa by 2009; 2) provide USD 3 billion of preferential loans and USD 2 billion of preferential buyer's credits to Africa in the next three years; 3) set up a USD 5 billion China-Africa Development Fund to encourage Chinese companies to invest in Africa; 4) build a conference center for the African Union; 5) cancel all China's interest-free government loans that matured at

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the end of 2005 to Africa's heavily indebted and least developed countries that have diplomatic relations with China; 6) further open up China's market to Africa by increasing from 190 to over 440 the number of export items receiving zero-tariff treatment from the least developed countries in Africa having diplomatic ties with China; 7) establish three to five trade and economic cooperation zones in Africa in the next three years; and 8) over the next three years, train 15,000 African professionals; send 100 senior Chinese agricultural experts to Africa; set up 10 special agricultural technology demonstration centers; build 30 hospitals and provide a 300 million yuan grant to fight malaria in Africa by donating artemisinin and building 30 malaria prevention and treatment centers; dispatch 300 youth volunteers to Africa; build 100 rural schools; and increase the number of Chinese government scholarships to African students from 2000 per year to 4000 per year by 2009. See reflets for more details on these commitments and Chinese efforts to honor them.

Impressions from the Egyptian Embassy

¶17. (C) Egyptian Commercial and Economic Officer Fadel Yacoub acknowledged FOCAC's limitations but was optimistic about its potential. He told EconOff FOCAC is an inefficient mechanism because the African countries were treated as one block when in fact there was very little cohesion between them. Exacerbating this was the fact that China continued to interact with each country on a bilateral basis. Nonetheless, Yacoub viewed FOCAC as a useful channel by which African countries could attract more Chinese investment.

¶18. (C) Yacoub said that China had yet to deliver on certain promises like increased investment and additional trade preferences for African products. However, he thought that was more often an African problem than a Chinese one. On the investment front, both the Chinese and African governments had been slow in identifying viable projects, completing the necessary studies and pushing forward more cooperation. In terms of trade, he lamented that, like Egypt, most African countries have not really developed value-added products to

sell to China, settling instead for natural resource exports.

¶9. (C) Yacoub said Egypt had derived little direct benefit from China's 2006 FOCAC commitments as most of the benefits were directed at the poorest African nations. He noted that most of the over USD 400 million the Chinese had invested in the Suez Gulf Trade and Economic Cooperation Zone had occurred prior to 2006, but suggested that, nonetheless, the Chinese might still include that sum in the progress report on their 2006 commitments they would deliver at the November forum.

South African Perspective

¶10. (C) South African Economic Counselor Recado Andrews stated that lack of progress on many highly anticipated investments could be attributed to "inefficiencies" on both the African and Chinese sides, including significant delays on both sides in identifying projects and moving them through the relevant bureaucracies. He said that the Chinese had so far only invested USD 1-2 billion of the projected USD 5 billion promised under the CADF mechanism. However, he was hopeful that the remainder of the funds would be spent in the next 4-5 years. Andrews said that South Africa has not seen any significant investment within the FOCAC framework but had some projects under consideration. He echoed his Egyptian colleague's assertion that Africa's poorest countries had benefited most from China's commitments.

¶11. (C) Andrews identified the lack of African unity as the biggest obstacle to taking full advantage of FOCAC. He insisted that the African countries had to band together to present a united front and identify key areas where they wanted Chinese cooperation. He highlighted agricultural technology and human resource development as two priorities. African countries are looking for more technology transfer to benefit their agricultural sector and help with small farming technologies. They also need more technical training for their labor force, he said.

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¶12. (C) Despite attempts at more pan-African collaboration before the FOCAC, Andrews acknowledged it was very hard to coordinate among so many vastly different countries. He said South Africa would continue to try, however.

HUNTSMAN